US Environmental Protection Agency
WIFIA Program
Letter of Interest

OMB Control No. 2040-0292
Approval expires 12/31/2019

Introduction: Prospective borrowers seeking Water Infrastructure Finance and Innovation Act (WIFIA) credit assistance must complete and submit a letter of interest to the U.S. Environmental Protection Agency (EPA). Based on the information provided in the letter of interest, EPA will invite selected prospective borrowers to submit an application for WIFIA credit assistance. EPA will only select those eligible projects that it expects to proceed to closing.

Purpose: Prospective borrowers submit the letter of interest materials to provide EPA with the necessary information to: 1) validate the eligibility of the prospective borrower and the prospective project; 2) perform a preliminary creditworthiness assessment; 3) perform a preliminary engineering feasibility assessment; and 4) evaluate the project against the selection criteria and identify which projects EPA will invite to submit applications.

Format: To be considered for WIFIA credit assistance, prospective borrowers must submit a letter of interest that describes: 1) the prospective borrower and the plans for the proposed project(s); 2) the proposed financial plan; 3) the status of the reports and studies required for the project(s); and 4) how the project meets the selection criteria of the WIFIA credit program. Please reference the latest Notice of Funding Availability (NOFA), the WIFIA program handbook, and frequently asked questions (FAQ) available at http://www.epa.gov/wifia for additional instructions and information.

Responses to the all questions should be included in this form. Upon completion, the total length of the letter of interest form should not exceed 50 pages, excluding any attachments. Font size should not be smaller than 11 point Calibri.

Selection: Due to the wide variety of projects eligible for WIFIA assistance, in some cases EPA may request additional information to supplement the letter of interest so it may complete its analysis. EPA will invite some eligible prospective borrowers to submit applications based on its selection process.

Submission: Letters of interests must be submitted to EPA by the deadline stated in the Notice of Funding Availability (NOFA). Source documents may be draft or preliminary. Please provide the most recent version available at the time of submission.

The documents may be submitted in two ways:

(1) Email the documents as attachments to wifia@epa.gov.
(2) Upload the documents to EPA's SharePoint site. To be granted access to the SharePoint site, prospective borrowers can request access to SharePoint by emailing wifia@epa.gov. Requests to upload documents must be made in advance of the deadline as outlined in the NOFA.

Upon receipt, EPA will provide a confirmation email. If you have questions on completing this letter of interest, please consult the WIFIA website (www.epa.gov/wifia) or contact the WIFIA program office at wifia@epa.gov.

Confidential Business Information (CBI): A prospective borrower may assert a business confidentiality claim covering part or all of the information submitted to EPA as part of its letter of interest, in a manner consistent with 40 C.F.R. 2.203, 41 Fed. Reg. 36902 (Sept. 1, 1976), by placing on (or attaching to) the information a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as trade secret, proprietary, or company confidential. The prospective borrower should also state whether it desires confidential treatment until a certain date or until the occurrence of a certain event. Information covered by a business confidentiality claim will be disclosed by EPA only to the extent and only by means of the procedures set forth under 40 C.F.R. Part 2, Subpart B. Information that is not accompanied by a business confidentiality claim when it is received by EPA may be made available to the public by EPA without further notice to the prospective borrower.

More information about CBI is available in the WIFIA program handbook and frequently asked questions (FAQ) available at http://www.epa.gov/wifia.

Burden: The public reporting and recordkeeping burden for this collection of information is estimated to average 50 hours per response. Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, included through the use of automated collection techniques to the Director, Regulatory Support Division, U.S. Environmental Protection Agency (2822T), 1200 Pennsylvania Ave., NW, Washington, D.C. 20460. Include the OMB control number in any correspondence. Do not send the completed form to this address.

Warning: Falsification or misrepresentation of information or failure to file or report information required to be reported may be the basis for denial of financial assistance by EPA. Knowing and willful falsification of information required to be submitted and false statements to a Federal Agency may also subject you to criminal prosecution. See, for example, 18 U.S.C. §1001.

LETTER OF INTEREST

Provide the following information in this form or as narrative answers. Narrative answers can reference source documents (include the name of the document and relevant pages or sections). Provide any referenced documents as attachments.

Section A: Prospective Borrower Information

1. Legal name of prospective borrower:

City of Frontenac, Kansas

2. Other names under which the prospective borrower does business:

Not Applicable

3. Department and division name:

Water Utility Public Works Department

4. Business street address:

313 E. McKay St., Frontenac, Kansas 66763

5. Mailing street address (if different from above):

Same as above.

6. Website:

www.frontenacks.net

7. Employer/taxpayer identification number (EIN/TIN):

486041989

8. Dun and Bradstreet Data Universal Number System (DUNS) number:

019207992

9. Type of entity (check all that apply):

- ☐ Corporation
- ☐ Partnership
- ☐ Joint Venture
- ☐ Trust

- ☒ Federal, State, or Local Governmental Entity, Agency, or Instrumentality
- ☐ Tribal Government or Consortium of Tribal Governments
- ☐ State Infrastructure Finance Authority
- ☐ Combination of the Above Entities

10. Describe the organizational structure of the project(s) and attach an organizational chart illustrating this structure. Explain the relationship between the prospective borrower, the project, and other relevant parties. Include individual members or titles of the project team(s) and their past experiences with projects of similar size and scope. If multiple parties are involved in the project's construction, maintenance, and operation, describe the project's risk allocation framework.

The water supply, treatment, distribution and storage system are owned by the City of Frontenac. It supplies water to Crawford County Rural Water District No. 1 on an emergency or as needed basis only. Frontenac manages all financial means for the system, including, but not limited to, user rates, fees, expenses, operational and maintenance costs. There is no cost share with any other water district or system. User charges is the main source of revenue to offset the expenses from the system. Water budget is evaluated and updated annually during the City's budget process. Currently, the City utilizes a capital outlay fund from the water budget to pay for small improvements required in the system.

Linda K. Grilz is the Mayor of the City of Frontenac, Brad Reams is the City's Administrator and Brian Cussimanio is the City's Superintendent. Together, these three individuals have great knowledge of their City's financial and infrastructure situation.

John P. "Jack" Kramer, P.E., P.S., is the Senior Project Engineer on this project with over 55 years of experience in water supply, treatment, distribution and storage system projects. Jacks team consists of 5 others, which also have many years of technical experience with water projects. Jack has designed and been the lead engineer on a plethora of projects with similar scope as the proposed project herein. Please see Attachment A – Frontenac Organizational Chart, for the City of Frontenac's organizational chart, Kramer Consulting, LLC's organizational chart and a short list of other similar type of projects completed in the recent years by Kramer Consulting, LLC.

11. If the prospective borrower is not a public entity or in the case of the prospective borrower being a state infrastructure finance authority, the sub-recipient(s) is not a public entity, is the project(s) publicly sponsored? Please explain.

The prospective borrower is a public entity.

12. When will the prospective borrower be prepared to submit an application? (Assume invitations to apply will be issued approximately 90 days from the close of the letter interest submission period).

December 2018

Section B: Project Plan

1. Project name(s) *(for purposes of identification assign a short name to the project(s)):*

   2018 Water Supply, Treatment, Distribution and Storage – Improvements and Additions, for the City of Frontenac, Kansas

2. National Pollutant Discharge Elimination System (NPDES) and/ or Public Water System (PWS) number (if applicable):

   Public Water System Number KS2003720

3. Project website(s):

   Not Applicable

4. Provide a brief description of the project(s) (major project scope items such as capacity, diameter and length, treatment components, and other design features):

   The proposed project contains a new well, water treatment facility upgrades plus the addition of hydrogen sulfide (H_2S) air removal to control odor from aeration and lime softening to reduce water hardness and combined radium water quality issues and violations, water distribution system improvements, existing 75,000 gallon elevated water storage tank improvements and a new 250,000 gallon elevated water storage tank. All proposed improvements will greatly increase the useful life of the system.

   The new well will increase redundancy and allow the system to cycle different wells. All three well pumps will receive the addition of variable frequency drives (VFD), which will allow the operator to set consistent flow rates. Water treatment facility improvements are necessary because of age and failing infrastructure. The main improvements for the water treatment facility include a new filter water influent distributer, filter media replacement, backwash troughs, filter console, plant control panel, water tower level controls, higher service pump VFD's, vacuum chlorination system, replace deteriorated piping, valves, meters, fans, louvers, heater and new wastewater pumps. Additional water treatment facility items include the H_2S air scrubber to remove foul odors emitted from the aerators which affect nearby residents and parks, as well as lime softening equipment to reduce combined radium levels in treated water and soften water which includes an estimated 26 feet diameter solids contact unit, 12 by 18 feet recarbonation basin, 30 ft by 40 ft (proposed) storage building and dewatering site, and a new filter backwash basin. Water distribution system improvements include the replacement of deteriorating ductile iron pipe, valves, fire hydrants and appurtenances. The existing 75,000 gallon elevated water storage tank will have a roof replaced, along with interior and exterior painting. The proposed new 250,000 gallon elevated water storage tank will help the City increase fire fighting capability and water storage in the event of a drought or failure. It will also help increase the Insurance Service Office (ISO) rating for fire service.

Additionally, the system is having issues meeting the National Primary Drinking Water Regulations for combined radium 226 and 228 (herein referred to as combined radium). The proposed treatment method to help the City meet the Maximum Contaminant Level (MCL) for combined radium is lime softening. The proposed improvements will bring the City's water into compliance with the Maximum Contaminant Level for Combined Radium, provide redundant water supply, increase the integrity of the water distribution system and also allow better operation of the system, provide additional water storage, and increase the overall useful life of the water system infrastructure.

Attachment B – Preliminary Engineering Report – Job 1801, is a comprehensive study, titled "Preliminary Engineering Report Water Supply, Treatment, Distribution and Storage Improvements and Additions for City of Frontenac, Kansas" Job No. 1801, provides additional project information, details and maps. Section 6 – Proposed Project; provides the most detailed information, which starts on page 60 of the PDF attachment.

5. Describe the project's purpose (including quantitative or qualitative details on public benefits the project(s) will achieve).

The City of Frontenac is in need of water supply, treatment, distribution and storage improvements in order to provide healthy and safe drinking water to their current customers and citizens. Currently, the City's treated water is considered very hard at over 300 ppm and also has high concentrations of combined radium, which have exceeded the Maximum Contaminant Level of 5 picoCuries per liter. The City of Frontenac has had three recent violations issued from the Kansas Department of Health and Environment for combined radium exceedance.

The proposed project also increases water supply redundancy, water storage for fire fighting and supply to customers, and increases the useful life of the entire water system.

Currently, the City serves an estimated population of 3,450 person plus the emergency supply for Crawford County RWD No. 1. City of Frontenac's projected estimated population is 3,890 persons by the year 2038. Lime softening will reduce the water hardness to acceptable levels for residential appliances, industrial boilers, process and equipment, create higher quality drinking water, and reduce combined radium to levels below EPA's Maximum Contaminant Level, which will make water safer for persons to consume.

6. Describe the location of the project(s). Include a project map, if available, and/or latitude and longitude details.

The project coincides within the City Limits of the City of Frontenac, Kansas, while also supplying Crawford County Rural Water District No. 1 with an emergency and as needed water supply connection. A location map is included in Attachment C – Infrastructure Location. This location map also includes the latitude and longitude of the water system infrastructure.

7. County(s) project(s) will serve:

Crawford County, Kansas

8. Population served by the project(s):

Current population served is approximately 3,450 persons. Crawford County Rural Water District No. 1 is an emergency connection only, therefore population has not been included.

9. Total population served by system:

Current population served is approximately 3,450 persons. Crawford County Rural Water District No. 1 is an emergency connection only, therefore population has not been included.

10. Type of project delivery method (i.e., design-build, construction manager at-risk, design-bid-build) that is planned for this project(s):

Design – Bid – Build

11. Present the overall project schedule in the provided table. Provide the detailed project schedule(s) as an attachment.

Based on the City submitting an application by the anticipated date listed in Section A, Number 12 [December 2018], the following dates would apply.

	Start Date	End Date
Planning	3/5/2018	12/3/2018
Design	12/3/2018	2/12/2020
Permitting	10/1/2019	3/2/2020
Construction	4/1/2020	10/13/2021

Provide the estimated financial close date: by 10/13/2026

The Preliminary Engineering Report for this project has been completed and is under review by the Kansas Department of Health and Environment. This Preliminary Engineering Report is an updated report to a previously approved PER by KDHE on June 6, 2016. An Environmental Review and Report was also conducted and approved on March 2, 2017 for this project. An updated Environmental Review and/or Report will be re-visited in 2018. NEPAssist and other tools have been utilized in order to evaluate the environmental aspects of this project to mitigate potential construction issues. Notice of Intent (NOI) for stormwater runoff from the project site(s) will be filed under the State of Kansas National Pollutant Discharge Elimination System (NPDES) permit when the project plans and specifications are submitted for review and approval, as well as a Public Water Supply Permit Application. Waste Stream Summary Review has been completed and approved by KDHE on June 9, 2018.

The detailed project schedule is located in Attachment D – Detailed Project Schedule.

WIFIA funding would speed up the schedule due to the funds required, and the current indebtedness that the City obtains does not allow for the City to utilize other funding methods which do not have the leniency of the WIFIA program for payback terms.

12. Provide any analysis (i.e. preliminary engineering reports, feasibility studies, preliminary designs, siting studies, project plans, etc.) completed in support of the project(s). List referenced documents below and provide as attachments.

See Attachment	Description
Attachment B – Preliminary Engineering Report – Job 1801	Preliminary Engineering Report – Water Supply, Treatment, Distribution and Storage - Improvements and Additions, Job No. 1801, Dated July 2018. [Currently under review with KDHE. It is an updated report to the previous Job No. 1422 Preliminary Engineering Report]
Attachment E – Preliminary Engineering Report – Job 1422	Preliminary Engineering Report – Water Supply, Storage and Treatment Improvements, Job No. 1422, Dated May 23, 2016. [Approved by KDHE on June 6, 2016 – Approval Letter Attached as the First Page of this Attachment]
Attachment F – Environmental Report – Job 1422	Previously Completed Environmental Report – Dated February 13, 2017 (Revised March 1, 2017)
Attachment G – Waste Stream Disposal Report – Job 1422	Waste Stream Disposal Report – Water Treatment Plant, Job No. 1422, Dated May 6, 2016. [Approved by KDHE May 6, 2016 – Approval Consensus Email Attached as the First Page of this Attachment]
Attachment H – Waste Stream Disposal Report – Job 1801	Waste Stream Disposal Report – Water Treatment Plan, Job No. 1801, Dated June 4, 2018. [Approved by KDHE July 9, 2018 – Approval Consensus Email Attached as the First Page of this Attachment]
Attachment I – October 3, 2016 Public Meeting Attendance List	Public Meeting – Held on October 3, 2016 to explain the project with no public concerns. City Council unanimously voted on and approved. Public Meeting attendance list is located in the attachment as shown in this table.

13. Present the findings of any alternatives analysis or business cases conducted, if available. Describe the project alternatives considered and the rationale (i.e., lowest capital cost, greater ease of operation, most reliable, fewest environmental impacts, etc.) for the selected alternative; this description should include the technical, managerial, financial, environmental, operational and local decision making rationale for the selected approach. Provide any referenced documents as attachments.

Several alternatives were considered for this project. Alternatives considered for water supply and treatment was sharing services with other water systems. There were no true alternatives

to evaluate for the new well construction and water treatment plant improvements. The City's current infrastructure is deteriorating, but with proposed improvements, will greatly increase the useful life of the system. Due to the technical operation and managerial items, along with the financial burden for the cost of water, the option to share service and completely eliminate the City of Frontenac's water supply and treatment facility infrastructure, this alternative was not considered feasible. In November 2017, the City Council took an official vote on a motion affirming the desire not to pursue a conjoined water system.

With the City of Frontenac's recent Maximum Contaminant Level exceedance violations for combined radium, water softening for combined radium removal alternatives were evaluated, which would also help to reduce the water hardness. The three alternatives were evaluated and include lime softening, ion exchange and reverse osmosis. Ultimately, lime softening was chosen due to the operational cost was much higher for ion exchange and reverse osmosis. Ion exchange would also increase salinity in the effluent water, which is already considered high salt content. Reverse osmosis greatly increases the waste stream over lime softening and ion exchange, by as much as 25% more water loss. This is not a feasible option, because the City has limited water rights and they do not want to utilize the water rights as waste if at all possible. The least amount of waste stream generation from the water treatment process was a driving factor in the selection of lime softening, as well as the lower operation and maintenance costs. Lime softening is also considered a Best Available Technology (BAT) for combined radium removal and is also considered to be a Small System Compliance Technology.

Water distribution system improvements alternatives were to complete the construction of the entire water main from the City of Frontenac's water treatment facility on the east side of the City Limits, to the west side of the City Limits to the Industrial Park. The water main along this path is ductile iron pipe and has had many failures in the recent past, along with a multitude of in-operational valves. It was decided by the City that they need this project to commence, but the water supply, treatment and storage projects are of more importance, therefore the financial burden should first be used for those improvements. The first section from the water treatment facility heading west to the Industrial Park would be the first phase of the water distribution project. If favorable bids are received for the proposed improvements, the City would continue the remaining water main replacement project.

Water storage alternatives for additional water storage considered was a pumped ground water storage tank, composite and fluted column elevated water storage tank, pedesphere elevated water storage tank and a multi-column elevated water storage tank. The final decision was determined by a life cycle analysis between the pedesphere and multi-column style elevated water storage tanks, since these were the most reasonable tanks as far as cost and for the size of storage requirements. The multi-column tank was the slightly cheaper alternative compared to the pedesphere tank in the life-cycle cost analysis, however the pedesphere tank was the chosen alternative because of foreseen security issues with the multi-column tank. Painting would also be more expensive for the multi-column. There were no feasible alternatives considered for the existing 75,000 gallon elevated water storage tank.

More information on the evaluation and selection of the alternatives can be found in Attachment B – Preliminary Engineering Report – Job 1801, Sections 4 and 5, which begins on page 43 in the PDF attachment.

14. If available, provide a copy of the system master plan or like document and list referenced document below.

The Master Plan is not available at this time, however, the Preliminary Engineering Report (Job No. 1801), Attachment B – Preliminary Engineering Report – Job 1801, contains information regarding the water system needs, alternatives considered, life-cycle cost analysis, financial burden, and more.

15. Briefly discuss any other issues that may affect the development and financing of the project(s), such as community support, pending legislation, permitting, or litigation.

There are no foreseen affects for the development of this project. The community, along with the City Council and City Staff, are in support of the proposed project herein.

16. Describe the authorizing actions (e.g., local vote, board vote, ordinance) that would need to occur in order to enter into a loan agreement with the WIFIA program.

A public hearing will be held in 2018 to announce that the City of Frontenac intends to fund the project with 49% WIFIA funding and 51% Kansas Department of Health and Environment State Revolving Funds. The City of Frontenac's governing body would pass a resolution to enter into a loan agreement with the WIFIA program if they are chosen to apply. The City is currently working towards obtaining SRF funding.

17. Present the environmental review plan and status of such for the project(s). Describe the status of any additional permits and approvals that the project(s) may require.

The aforementioned, previously completed Environmental Report dated February 13, 2017 (Revised March 1, 2017) included water supply, treatment and storage improvements, but did not include softening for Combined Radium removal, or distribution system improvements. There were no objections to the project at the time the review was completed. It is anticipated to revise this Environmental Report and resubmit to the applicable agencies, including tribes, in order to re-evaluate the project with the additional improvements. This will be completed during the remaining months of 2018.

An Existing Public Water Supply System Permit Application will be submitted to the Kansas Department of Health and Environment with Plans and Specifications submittal for appropriate review. A Notice of Intent under the Kansas General Permit for Stormwater will also be issued at the same time. No other permits are anticipated.

The City of Frontenac has submitted information and has begun the application process for State Revolving Funds (SRF) through KDHE.

18. If applicable, describe community outreach efforts conducted to date and planned for the project(s).

A public meeting was held on October 3, 2016 to supply the community with information regarding the project. Attachment I – October 3, 2016 Public Meeting Attendance List, contains the Public Meeting Attendance List from the meeting. The City Council unanimously voted for the project. Another public meeting, along with a public hearing, to discuss the project further with the community will be held in the remaining months of 2018.

19. Indicate if the project is located in, close to, or could impact the 100-year floodplain.

☒ Located in 100-year floodplain – distribution water main only.
☐ Close to 100-year floodplain
☐ Could impact 100-year floodplain
☐ None of the Above

Section C: Project Operations and Maintenance Plan

1. Provide the estimated useful life of the project(s) and describe the underlying assumptions. In determining the useful life of the project(s), please consider the useful economic life of the asset(s) to be financed.

The proposed project includes a new well, water treatment facility improvements with the addition of H_2S air removal equipment and lime water softening equipment to reduce combined radium and soften water, along with water distribution system improvements, existing elevated water storage tank improvements and a new 250,000 gallon elevated water storage tank.

The two existing wells have been in operation since 1993 without any major repair. It is anticipated that the new well will provide approximately a 50 year useful life.

Water treatment facility improvements and additional equipment is anticipated to provide a useful life of 40 years without major improvements needed.

The current water distribution system has been in use since the early to mid 1900's, and the improvements to the distribution system would allow the system to have a useful life of 50 or more years.

The existing elevated water storage tank has been in commission since 1907 without any major upgrades or repairs. With the proposed improvements, this tank should have a useful life of 40 years. The proposed additional elevated water storage tank will have an approximate useful life of 100 years.

Useful life is highly dependent on operation, maintenance and preventative maintenance. The City of Frontenac is proactive and the City Staff is knowledgeable on how to maintain infrastructure.

2. Provide the project(s)'s operation and maintenance plan, including sources of revenue to finance those activities, any performance guarantees, and major maintenance reserves. A preliminary or draft plan is acceptable.

   The Operation and Maintenance (O&M) Manual is scheduled for completion post-construction.

   User rates and an anticipated sales tax increase will be the revenue sources for the expenditures experienced for O&M, as well as to cover debt service payments. Resources will be carried over from year to year to ensure sufficient capital is available for O&M.

3. Describe any contractual arrangements that may impact the operation of the project(s).

   The City of Frontenac has a very capable staff to provide the operation of the water system, including the addition H_2S air scrubber and lime softening equipment with proper training and O&M manuals. Manufacturers will be on-site for startup of equipment and will work with the City Staff to ensure the staff knows proper operation of the equipment. There are no additional contractual arrangements that would impact the operation of the project.

Section D: Financing Plan

1. Estimated total eligible project costs (in dollars):

   The total estimated eligible project cost is $10,258,110, which includes an $800,000 contingency item. Attachment B – Preliminary Engineering Report – Job 1801, Section 4.8 – Cost Estimates, beginning on page 54 of the PDF attachment, includes the estimated construction cost along with estimated project cost item breakdown starting on page

2. Requested amount of the WIFIA loan (in dollars):

   $5,026,500

3. Provide a sources and uses of funds table for the construction period(s), including the proposed WIFIA assistance. Note any ineligible project costs. More information about eligible costs is available in the WIFIA program handbook.

Sources Category	Estimated Dollar Value
1. WIFIA Loan	$5,026,500
2. Revenue Bonds	N/A
3. SRF Loan	$3,780,022
4. Borrower Cash	N/A
5. Other (please specify) KDHE SRF Principal Loan Forgiveness (estimated)	$1,451,614
6. Other (please specify) Click or tap here to enter text.	Click or tap here to enter text.
TOTAL SOURCES	$10,258,136
Uses Category	Estimated Cost
1. Construction	$8,078,110
2. Design	$660,000
3. Planning	Preliminary Engineering Report Complete
4. Land Acquisition	N/A
5. Other Capital Costs	$160,000 (Construction Interest & Legal)
6. Contingency	$800,000
7. Total Capital Costs	$9,698,110
8. Other (please specify) Construction Observation	$520,000
8. Other (please specify) Environmental Reviews, Soils Test, Permits and Operation and Maintenance Manual	40,000
9. Ineligible Costs (if applicable)	N/A
TOTAL USES	$10,258,110

4. Provide a narrative describing the project(s) plan of finance. This should include a discussion of the proposed financial structure and any existing ratings on the security pledged for repayment of the WIFIA loan (if available) or a description of how the senior debt obligations will garner an investment-grade rating(s). Note availability and credit terms of other project funding sources. Include any preliminary revenue projections and explain underlying assumptions.

If the prospective borrower is a pool of eligible borrowers and projects, discuss the existing ratings and repayment schedules of the underlying borrowers and attach supporting documentation as available. Confirm that there will be a single revenue pledge securing the WIFIA debt.

The financial structure for the proposed project herein for the City of Frontenac includes senior debt of 51% for a 20 year KDHE SRF financing plan, which is an estimated total of $5,231,610 at

2.5% interest rate. The remaining financing will come from subordinate WIFIA financing with a proposed tenor of 30 years.

The City of Frontenac's user charge increases for Fiscal Year (FY) 2019 for water is 13%, FY 2020 is 11% and FY 2021 is 9% to help increase revenue to provide for debt service and increased operation and maintenance.

Please see Attachment J – Financial Pro Forma, for the City of Frontenac's pro forma for additional information.

5. Describe the proposed credit terms of the WIFIA assistance including the security pledge, the lien position, maturity date (term), and amortization structure (e.g. straight-line or sculpted). State whether the WIFIA loan will be issued on a senior or subordinate lien.

WIFIA disbursements would occur during construction on a monthly basis with loan amortization beginning between year two and five post construction substantial completion. WIFIA repayment will be paid for by City's user rate schedule. It is anticipated that WIFIA will amortize evenly throughout maturity. Further details on the disbursement and repayment schedules for the City's financing sources is available in the attached pro forma, Attachment J – Financial Pro Forma.

6. Describe the prospective borrower's financial condition.

The City has not had a credit rating.

7. Provide the year-end audited financial statement for the past three years, as available as an attachment. Provide the financial statement filenames in the textbox.

Three years of audited financial statements are attached as follows and with corresponding labels:

- Attachment K – 2014 Audit Report
- Attachment L – 2015 Audit Report
- Attachment M – 2016 Audit Report

2017 Audit is not available at this time. It is currently being conducted.

8. Attach a financial pro forma which presents key revenue, expense, and debt repayment assumptions for the revenue pledged to repay the WIFIA loan through the final maturity of the proposed WIFIA debt, including up to three years of historical data, as available. The pro forma should be provided in an editable Microsoft Excel format, not in PDF or "values" format. The pro forma should include at a minimum the following:

a. Sources of revenue
b. Operations and maintenance expenses
c. Dedicated source(s) of repayment

d. Capital expenditures
e. Debt service payments and reserve transfers, broken down by funding source and including the WIFIA credit assistance
f. Projected debt service coverage ratios for total existing debt and the WIFIA debt
g. The project's or system's debt balances broken down by funding sources
h. Equity distributions, if applicable

If available, include sensitivity projections for pessimistic, base and optimistic cases. A sample financial pro forma is available at https://www.epa.gov/wifia/wifia-application-materials-and-resources. Provide the financial pro forma filename in the textbox.

Please refer to Attachment J – Financial Pro Forma, for the City of Frontenac's Pro Forma. Proposed water user rates are in Attachment B – Preliminary Engineering Report – Job 1801, Section 6.6.C - Debt Payment, on page 74 in the PDF attachment.

Frontenac's water user rates are scheduled to increase throughout year 2021 through Ordinance No. 2018-01, which is located in Appendix E at the end of the Preliminary Engineering Report, Attachment B – Preliminary Engineering Report – Job 1801, starting on page 166 of the PDF attachment. A new resolution will be implemented in order to make necessary increases to the user rates in order to cover additional debt service payments and increased operation and maintenance items.

9. Has the prospective borrower consulted with the applicable State Revolving Fund (SRF) program to procure SRF funding? If so, indicate whether it is applying for the SRF funding and where it is in the application process.

Yes, contact has been made. The City of Frontenac has completed a Loan Project Submittal form with the Preliminary Engineering Report (Job No. 1801) for review and approval by KDHE SRF Staff. Once the review is complete and KDHE has approved the Preliminary Engineering Report (Job No. 1801), Frontenac will complete a KDHE SRF funding application packet.

Section E: Selection Criteria

For each selection criterion, provide a response explaining the extent to which the project seeking the WIFIA loan relates to the criterion. When applicable, reference attachments. Detailed definitions for each selection criteria are provided in the WIFIA program handbook available at www.epa.gov/wifia.

1. **National or regional significance:** Describe the extent to which the project is nationally or regionally significant, with respect to the generation of economic and public benefits, such as (1) the reduction of flood risk; (2) the improvement of water quality and quantity, including aquifer recharge; (3) the protection of drinking water, including source water protection; and (4) the support of international commerce.

   Proposed improvements to the City of Frontenac's water infrastructure is regionally significant. The City of Frontenac supports over 100 businesses. The City of Frontenac's water infrastructure is vitally important to serve existing users and allow economic growth. With the addition of water softening, this will help attract industrial businesses which require softened water for boilers and process water.

   With the proposed improvements, the City will have redundancy in water supply, increase the useful life of the water treatment facility, remove odorous hydrogen sulfide gases caused by aeration which affect surrounding residential areas and the City park across the street from the water treatment facility, reduce the Maximum Contaminant Level for combined radium which has exceeded the level for the last three (3) samples, reduce water hardness levels to increase the useful life of residential appliances and industrial equipment, as well as reduce corrosion and scaling on piping, improve the useful life of the existing elevated water storage tank that is an icon to the City of Frontenac, increase water storage needs by the addition of a 250,000 gallon elevated water storage tank, and replace failing ductile iron pipe, valves and hydrants in the water distribution system.

   These improvements will greatly increase the water quality by reducing combined radium and water hardness, which will overall increase public health. Improvements will provide better fire protection and increase safety and welfare.

2. **New or innovative approaches:** Describe the extent to which the project uses new or innovative approaches.

   Proposed improvements do not utilize new or innovative approaches. These are normally costly and would require pilot testing in order to ensure that the process will work correctly for the system. The City of Frontenac's major concern is to reduce financial burden on users, while providing the highest quality of water possible, therefore the best alternatives for the requirements have been chosen.

3. **Protection against extreme weather events:** Describe the extent to which the project (1) protects against extreme weather events, such as floods or hurricanes, or (2) helps maintain or protect the environment.

The project location is located in an area of minimal flood hazard, however, stormwater runoff will be mitigated by having positive slope away from all structures. Erosion will be reduced by ensuring grass growth and placing rock riprap on slopes, where required. Erosion control measures will be implemented during construction.

The proposed improvements include an acceptable waste stream which will be dewatered. Once dewatered, the stream will continue to the City of Frontenac's owned and operated wastewater stabilization pond treatment facility. Cake solids from dewatering will be hauled to an appropriate landfill. The main goal is to minimize the waste stream generated by the treatment process in order to protect the environment, use less chemicals in treatment, and reduce the amount of process water that is waste due to the operation of the treatment.

Increased water storage will decrease pump starts to consume less start up energy, addition of variable frequency drives to pumps will increase useful life of pumps due to less harsh starts and stops, lime softening equipment uses very little energy in comparison to other water softening alternatives and less chemical, and foul odors from hydrogen sulfide removal will be eliminated.

4. **Serves energy exploration or production areas:** Describe the extent to which a project serves regions with significant energy exploration, development, or production areas.

   The project does not serve a region with significant energy exploration, development or production areas. In the past, the surrounding outlying areas of the City of Frontenac were mined for coal.

5. **Serves regions with water resource challenges:** Describe the extent to which a project serves regions with significant water resource challenges, including the need to address (1) water quality concerns in areas of regional, national, or international significance; (2) water quantity concerns related to groundwater, surface water, or other resources; (3) significant flood risk; (4) water resource challenges identified in existing regional, state, or multistate agreements; and (5) water resources with exceptional recreational value or ecological importance.

   The City of Frontenac pumps water from the Roubidoux formation of the Arbuckle group, Lower Ordovician series. The City's wells are considerably deep with well casing depth around 700 feet. Water quality concerns with this area is mainly water hardness, combined radium, uranium, hydrogen sulfide and sodium. The City's water quality issues are high concentrations of combined radium exceeding the Maximum Contaminant Level of 5 picoCuries per liter, water hardness with recent test results at 302 and 344 milligrams per liter which is considered very hard water, hydrogen sulfide is high but is treated currently by aeration, and sodium is relatively high but is not a significant concern.

6. **Addresses identified priorities:** Describe the extent to which the project addresses identified municipal, state, or regional priorities.

   This project will address the municipal priority of reducing combined radium to acceptable limits for users, as well as reduce water hardness levels. Other priorities include supplying additional water

storage needs, improving existing infrastructure, constructing new water mains with valves and hydrants to ensure adequate service to users.

This project is needed in order to reduce combined radium to be compliant with the regulatory Maximum Contaminant Level, and reduce water hardness. KDHE recommends water to be treated for hardness over 300 milligrams per liter, which the City of Frontenac's water is over the threshold. The project will also increase the water storage requirements which will allow less water treatment facility startups and decrease energy consumption.

Regionally, the City of Frontenac supplies water on an as needed emergency basis to Crawford County RWD No. 1.

7. **Repair, rehabilitation, or replacement:** Describe the extent to which the project addresses needs for repair, rehabilitation or replacement of a treatment works, community water system, or aging water distribution or wastewater collection system.

   The majority of the project consists of rehabilitation of existing infrastructure and provide replacement for items. The existing 75,000 gallon elevated water storage tank was installed in 1907 and is in need of major rehabilitation. Well No. 2 has been inoperative for many years, causing Well No. 1 and No. 3 to pump more water to meet demands, and allowing no redundancy of water supply. Water main replacement is needed due to the aging pipe and inoperative valves and hydrants.

8. **Economically stressed communities:** Describe the extent to which the project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities.

   The City of Frontenac's water treatment facility and infrastructure serves the City of Frontenac. 2010 Census data for the City of Frontenac shows that the City has a population of 3,437 persons, 1,519 housing units, with a median income of $35,603 per household. Unemployment rate for population between 25 to 64 years of age is approximated at 3.1% from the 2010 Census data. Average per capita income is $21,535. Approximately 11.8% of all persons has an income below the poverty level.

9. **Reduces exposure to lead:** Describe the extent to which the project reduces exposure to lead in the nation's drinking water systems or ensures continuous compliance with contaminant limits.

   This projects metal products for water treatment will be lead free. Water distribution piping and appurtenances such as valves and hydrants, which may contain lead, are being replaced. The existing 75,000 gallon elevated water storage tank will have lead abatement procedures during construction to eliminate lead based paint and materials. This will help maintain compliance with the Lead and Copper Rule and to keep water quality within contaminant limits.

10. **Readiness to proceed:** Describe the readiness of the project to proceed toward development, including a demonstration by the prospective borrower that there is a reasonable expectation that

the contracting process for construction of the project can commence by not later than 90 days after the date on which a Federal credit instrument is obligated for the project.

The City of Frontenac will be ready to proceed with project design once funding is secured for the project. The project schedule is outlined in Attachment B – Preliminary Engineering Report – Job 1801, Section 6.2 – Project Schedule, starting on page 64 in the PDF attachment. A more detailed project schedule is located in Attachment D – Detailed Project Schedule. The City of Frontenac's governing body is ready to take immediate action in order to increase the useful life of the water system infrastructure. They understand that providing better quality of water to their users is important, and to increase the public health by doing so. They also understand the need for increased water storage needs.

11. **Enables project to proceed earlier:** Describe the likelihood that assistance under WIFIA would enable the project to proceed at an earlier date than the project would otherwise be able to proceed.

    Due to the current indebtedness, proceeding with WIFIA would allow the City of Frontenac to decrease financial burden on water customers by slight increases in water user rates. The current financial situation has been a constraint with moving forward on the project. Other funding methods will not allow the City of Frontenac to undergo design and construction of the project immediately, due to the payback terms.

12. **Financing plan:** Describe the extent to which the project financing plan includes public or private financing in addition to assistance under WIFIA.

    The City of Frontenac intends to finance 51% of the total project costs using a loan from the State Revolving Fund (SRF) program.

13. **Reduction of Federal assistance:** Describe the extent to which assistance under WIFIA reduces the contribution of Federal assistance to the project.

    The WIFIA will increase the contribution of Federal assistance to the project, as the project does not receive any Federal funding or assistance.

Section F: Contact Information

1. Primary point of contact

Name: John B. "Ben" Kramer, P.S.
Title: Principal, Project Manager
Organization: Kramer Consulting, LLC – Engineering Firm
Street Address: 2335 S.E. Tecumseh Rd.
City/State/Zip: Tecumseh, Kansas 66542
Phone: (785) 234-6600 ext. 13
E-mail: Ben@KramerLLC.net

2. Secondary point of contact

Name: Joshua B. Kramer, P.E.
Title: Principal, Project Engineer
Organization: Kramer Consulting, LLC – Engineering Firm
Street Address: 2335 S.E. Tecumseh Rd.
City/State/Zip: Tecumseh, Kansas 66542
Phone: (785) 234-6600 ext. 14
E-mail: Josh@KramerLLC.net

Section G: Certifications

Please sign in the appropriate space and submit a scanned version of the signature page to EPA with your electronic Letter of Interest submission.

1. *National Environmental Policy Act:* The prospective borrower acknowledges that any project receiving credit assistance under this program must comply with all provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)
2. *American Iron and Steel:* The prospective borrower acknowledges that any project receiving credit assistance under this program for the construction, alteration, maintenance, or repair of a project may only use iron and steel products produced in the United States and must comply with all applicable guidance.
3. *Prevailing Wages*: The prospective borrower acknowledges that all laborers and mechanics employed by contractors or subcontractors on projects receiving credit assistance under this program shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the immediate locality, as determined by the Secretary of Labor, in accordance with sections 3141-3144, 3146, and 3147 of Title 40 (Davis-Bacon wage rules).
4. *Lobbying:* Section 1352 of Title 31, United States Code provides that none of the funds appropriated by any Act of Congress may be expended by a recipient of a contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, or an employee of a Member of Congress in connection with the award or making of a Federal contract, grant, loan, or cooperative agreement or the modification thereof. The EPA interprets this provision to include the use of appropriated funds to influence or attempt to influence the selection for assistance under the WIFIA program.

   WIFIA prospective borrowers must file a declaration: (a) with the submission of an application for WIFIA credit assistance; (b) upon receipt of WIFIA credit assistance (unless the information contained in the declaration accompanying the WIFIA application has not materially changed); and (c) at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any declaration previously filed in connection with the WIFIA credit assistance.

   The undersigned certifies, to the best of his or her knowledge and belief, that:

   1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
   2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
   This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

5. *Debarment:* The undersigned further certifies that it is not currently, nor has it been in the preceding three years: 1) debarred, suspended, or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment and Suspension Regulations: 2 C.F.R. Part 180 and Part 1532.
6. *Default/Delinquency:* The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.
7. *Other Federal Requirements*: The prospective borrower acknowledges that it must comply with all other federal statutes and regulations, as applicable. A non-exhaustive list of federal cross-cutting statutes and regulations can be found at: www.epa.gov/wifia.
8. *Signature:* By submitting this letter of interest, the undersigned certifies that the facts stated and the certifications and representations made in this letter of interest are true, to the best of the prospective borrower's knowledge and belief after due inquiry, and that the prospective borrower has not omitted any material facts. The undersigned is an authorized representative of the prospective borrower.

Signature: Linda K. Grilz

Date Signed: 7/24/2018

Name: Linda K. Grilz
Title: Mayor
Organization: City of Frontenac, Kansas
Street Address: 313 E. McKay Street
City/State/Zip: Frontenac, Kansas 66763
Phone: (620) 231-9210
E-mail: lgrilz@cox.net

Section H: Notification of State Infrastructure Financing Authority

Please sign in the appropriate space and submit a scanned version of the signature page to EPA with your electronic Letter of Interest submission.

By submitting this letter of interest, the undersigned acknowledges that EPA will (1) notify the appropriate State infrastructure financing authority in the State in which the project is located that the prospective borrower submitted this letter of interest; and (2) provide the submitted letter of interest and all source documents to that State infrastructure financing authority.

Prospective borrowers that do not want their letter of interest and source documents shared with the State infrastructure financing authority in the state in which the project is located may opt out by initialing here _____.

If a prospective borrower opts out of sharing a letter of interest, EPA will still notify the State infrastructure financing authority within 30 days of receiving a letter of interest.

Signature: Linda K. Grilz

Name: Linda K. Grilz

Date Signed: 7/24/2018

KEY DEFINITIONS

(a) *Administrator* means the Administrator of EPA.

(b) *Applicant* means the entity submitting the application for WIFIA credit assistance. Only prospective borrowers that are invited to submit a WIFIA application become applicants. The following entities are eligible to receive credit assistance: a corporation, a partnership, a joint venture, a trust, a Federal, State, or local government, a tribal government or consortium of tribal governments, and a State infrastructure financing authority.

(c) *Community water system* has the meaning given the term in section 1401 of the Safe Drinking Water Act (42 U.S.C. 300f).

(d) *Credit assistance* means a secured loan or loan guarantee under WIFIA.

(e) *Credit agreement* means a contractual agreement between EPA and the prospective borrower (and the lender, if applicable) that formalizes the terms and conditions established in the term sheet (or conditional term sheet) and authorizes the execution of a secured loan or loan guarantee.

(f) *Eligible project costs* mean amounts, substantially all of which are paid by, or for the account of, an prospective borrower in connection with a project, including the cost of:
   (1) Development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work, and other preconstruction activities;
   (2) Construction, reconstruction, rehabilitation, and replacement activities;
   (3) The acquisition of real property or an interest in real property (including water rights, land relating to the project, and improvements to land), environmental mitigation (including acquisitions pursuant to section 33 U.S.C. §3905(7)), construction contingencies, and acquisition of equipment; and
   (4) Capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction.

(g) *Federal credit instrument* means a secured loan or loan guarantee authorized to be made available under WIFIA with respect to a project.

(h) *Investment-grade rating* means a rating category of BBB minus, Baa3, bbb minus, BBB (low), or higher assigned by a nationally recognized statistical rating organization (NRSRO) to project obligations offered into the capital markets.

(i) *Iron and steel products* means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges,

pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

(j) *Nationally Recognized Statistical Rating Organization (NRSRO)* means a credit rating agency identified and registered by the Office of Credit Ratings in the Securities and Exchange Commission.

(k) *Project* means:

(1) 1 or more activities that are eligible for assistance under section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)), notwithstanding the public ownership requirement under paragraph (1) of that subsection.

(2) 1 or more activities described in section 1452(a)(2) of the Safe Drinking Water Act (42 U.S.C. 300j–12(a)(2)).

(3) A project for enhanced energy efficiency in the operation of a public water system or a publicly owned treatment works.

(4) A project for repair, rehabilitation, or replacement of a treatment works, community water system, or aging water distribution or waste collection facility (including a facility that serves a population or community of an Indian reservation).

(5) A brackish or sea water desalination project including chloride control.

(6) A managed aquifer recharge project, a water recycling project, or projects to provide alternative water supplies to reduce aquifer depletion.

(7) Acquisition of real property or an interest in real property—

(A) If the acquisition is integral to a project described in paragraphs (1) through (5); or

(B) Pursuant to an existing plan that, in the judgment of the Administrator or the Secretary, as applicable, would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for assistance under this section.

(8) A project to prevent, reduce, or mitigate the effects of drought, including projects that enhance the resilience of drought-stricken watersheds.

(9) A combination of projects, each of which is eligible under paragraph (1) or (2), for which a State infrastructure financing authority submits to the Administrator a single application.

(10) A combination of projects secured by a common security pledge, each of which is eligible under paragraph (1), (2), (3), (4), (5), (6), or (7), for which an eligible entity, or a combination of eligible entities, submits a single application.

(l) *Prospective borrowe*r means an entity that is contemplating or is in the process of undertaking the WIFIA application process, or an entity that has undertaken these activities on behalf of another entity. The following entities are eligible to receive credit assistance: a corporation, a partnership, a joint venture, a trust, a Federal, State, or local government, a tribal government or consortium of tribal governments, and a State infrastructure financing authority. Prospective borrowers become applicants when they are invited to apply for WIFIA credit assistance.

(m) *Public entity* means:

(1) a Federal, State, or local Governmental entity, agency, or instrumentality; or

(2) a Tribal Government or consortium of Tribal Governments.

(n) *Publicly sponsored* means the prospective borrower can demonstrate, to the satisfaction of the Administrator that it has consulted with the affected State, local or Tribal Government in which the project is located, or is otherwise affected by the project, and that such government supports the proposed project. Support can be shown by a certified letter signed by the approving municipal department or similar agency, mayor or other similar designated authority, local ordinance, or any other means by which local government approval can be evidenced.

(o) *Small Community* means a community with a population of no more than 25,000 individuals.

(p) *State* means any one of the fifty states, the District of Columbia, Puerto Rico, or any other territory or possession of the United States.

(q) *State infrastructure financing authority* means the State entity established or designated by the Governor of a State to receive a capitalization grant provided by, or otherwise carry out the requirements of, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et. seq.) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j–12).

(r) *Term sheet* means a contractual agreement between EPA and the project sponsor (and the lender, if applicable) that sets forth the key business terms and conditions of a Federal credit instrument. Execution of this document represents a legal obligation of budget authority.

(s) *Treatment works* has the meaning given the term in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).

(t) *WIFIA* means the Water Infrastructure Finance and Innovation Act of 2014, Pub. L. 113-121, 128 Stat, 1332, codified at 33 U.S.C. §§ 3901-3914.